

IRS News Release

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New IRS Material Helps Retirement Plans Stay Compliant

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WASHINGTON — The Internal Revenue Service today released new materials, including a CD-ROM, to help small businesses and plan administrators understand how to keep employee retirement plans eligible for tax-favored status.

These materials, in various formats, explain the IRS programs available to assist employee-retirement plan administrators navigate the complex tax laws. The materials also explain how to correct errors in the plans, often without even having to notify or correspond with the IRS. Errors could have tax implications not only for employee plans but also for employees.

“The IRS is committed to providing businesses and plan sponsors with all the information they need and to presenting it in any format they find helpful,” said Carol Gold, director of employee plans for IRS. “We want all plans to stay compliant, and we will do what we can to help.”

First, Publication 4224, “Retirement Plan Correction Programs,” is a pamphlet that provides a synopsis of the various correction programs operated by the IRS, the Department of Labor (DOL) and the Pension Benefit Guaranty Corporation (PBGC). This tool, which is especially helpful to plan sponsors and practitioners, explains the help available for a variety of plan problems.

Second, Publication 4050, “Retirement Plan Correction Programs,” is a CD-ROM, that offers a more in-depth guide to the correction programs sponsored by the IRS, DOL and PBGC. Highlights of the CD-ROM include:

- IRS Revenue Procedure 2003-44, which sets forth the procedures relating to the IRS’s correction programs, and a linked in-depth topical index.
- A plain-language explanation of the IRS’s retirement plan correction programs and procedures, with links to definitions and relevant sections of Revenue Procedure 2003-44.
- Video clips explaining the need for ongoing retirement plan self-audit programs and available correction programs.
- A “Guide to Common Qualification Requirements” to help employers understand their responsibilities under the law.
- Examination Guidelines.
- Links to the IRS, DOL and PBGC web sites.

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- Frequently asked questions (FAQs) on IRS and DOL correction programs.
- FAQs on IRA-Based Plans (SEP, SARSEP and SIMPLE).

The CD-ROM is an excellent reference tool for tax practitioners and plan sponsors, as well as for businesses that maintain plans for their employees.

Finally, at IRS.gov is an online version of the CD-ROM materials (minus video clips). This material is available at the Retirement Plans web page at www.irs.gov/ep, select “More Topics” and go to “Correction.” This online information allows plan sponsors and practitioners to keep up with the latest information or any changes to the IRS correction programs that would not be reflected on the CD-ROM.

In June 2003, the IRS announced it had streamlined its system of voluntary correction programs designed to help retirement plan sponsors, administrators and businesses retain the favorable tax status of their plans. The changes will make it easier for employee retirement plans to come into compliance with the law and protect the retirement benefits of participating employees.

The new materials provide information on programs available to businesses and plan experts under the Employee Plans Compliance Resolution System, or EPCRS. The pamphlet and the CD-ROM can be ordered by calling 1-800-829-3676.